

## **HB 2964: Promoting Affordable Homeownership Through Expanded Eligibility for the Homebuyer Opportunity Limited Tax Exemption**

**Portland Housing Advisory Commission: August 1, 2017**

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## CURRENT PORTLAND PROGRAM

- ❑ The current Portland Homebuyer Opportunity Limited Tax Exemption (HOLTE) has been in place in its current form since 2012:
  - Approved jointly by Portland City Council and Multnomah County Commission, limited to 100 approvals annually
  - Eligible homes must be new construction. Builders must apply and the property must be approved before permits are pulled
  - Sales price cap of 100% of County median sales price (lower than the statute-allowed 120%)
  - Eligible homebuyers must provide documentation they are below 100% of Area Median Income

## PROGRAM HOLTE FOREGONE REVENUE

- ❑ For program year 2014/15, 111 new HOLTE exemptions were granted, totaling \$126,629 in foregone property tax revenue for the first year of the exemptions approved in 2014/15
- ❑ The table below provides a snapshot of recent program performance and highlights the impacts of the increasing escalating real estate market in Portland

Program Year	For-profit Approvals	Non-profit Approvals	Average Sales Price	Average Buyer Income	Average Value of Exemption
16/17	20	7	\$287,810	\$46,393	\$2,018
15/16	92	9	\$267,678	\$46,292	\$2,105
14/15	100	11	\$255,175	\$43,258	\$1,972
13/14	100	24	\$240,794	\$45,314	\$1,831
12/13	100	36	\$231,000	\$42,925	\$1,687

## WHY WAS HB 2964 NECESSARY?

- ❑ Builder participation in the current program is decreasing under current market conditions and new homes are being built at higher price points than are affordable to low and moderate-income homebuyers.
- ❑ Many low-income households, particularly seniors, are struggling to retain their current homes and a tax exemption can help to stabilize families and neighborhoods.

## BENEFITS OF AN EXPANDED HOLTE PROGRAM

- Low and moderate-income homebuyers of **existing homes** could apply for the 10 year tax exemption on the value of the structure if the sales price is under 120% of the annually established County median sales price.
- Current low-income homeowners receiving publically funded **home rehabilitation** assistance could apply for a 10 year limited tax exemption on the value of the structure if the assessed value of the structure is under 120% of the County median sales price.

## HOW WILL HB 2964 BE IMPLEMENTED ?

- ❑ Portland will propose an expanded program based on the current proven implementation model which requires approval from local City and County governments as well as rigorous ongoing compliance monitoring.
  - Sales price for low and moderate-income homebuyers purchasing existing homes would be capped at 100% of County median sales price. Eligible households must provide documentation of incomes below 100% Area Median Income.
  - For existing homeowners, assessed value of eligible homes would need to be less than 120% of the County median sales price. Eligible households must provide documentation of incomes below 80% Area Median Income (to align with income requirements of home repair program dollars).